TRADEMARK ASSIGNMENT

Electronic Version v1.1
Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Palliser Furniture Ltd.		10/27/2005	CORPORATION: CANADA

RECEIVING PARTY DATA

Name:	Bank of America, N.A.
Street Address:	300 Galleria Parkway
Internal Address:	Suite 800
City:	Atlanta
State/Country:	GEORGIA
Postal Code:	30339
Entity Type:	National Banking Association:

PROPERTY NUMBERS Total: 9

Property Type	Number	Word Mark
Registration Number:	2526406	GOOD FRIENDS
Registration Number:	2185682	GREAT ROOMS BY PALLISER
Registration Number:	2908872	HORIZONS BY PALLISER
Registration Number:	2212033	KIIRA DESIGNS
Registration Number:	1235731	P
Registration Number:	1623690	PALLISEAL
Registration Number:	1235732	PALLISER
Registration Number:	2436124	WWWORK.SITE
Serial Number:	76497393	EQ3

CH $240.00 2526406

CORRESPONDENCE DATA

Fax Number: (404)522-8409
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 404-420-5527

Email:	rbirdwell@phrd.com
Correspondent Name:	Rhonda J. Birdwell, Paralegal
Address Line 1:	285 Peachtree Center Avenue
Address Line 2:	1500 Marquis Two Tower
Address Line 4:	Atlanta, GEORGIA 30303

ATTORNEY DOCKET NUMBER:	2689-18 (PALLISER)
NAME OF SUBMITTER:	Mitchell M. Purvis
Signature:	/MMP/
Date:	02/15/2006

Total Attachments: 11
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TRADEMARK SECURITY AGREEMENT

This **TRADEMARK SECURITY AGREEMENT** is made as of October 27, 2005, between **BANK OF AMERICA, N.A.** (acting through its Canada branch), a national banking association having an office at 300 Galleria Parkway, Suite 800, Atlanta, Georgia 30339, as agent for itself and Lenders (as hereinafter defined), (together with its successors in such capacity, "Agent"), and **PALLISER FURNITURE LTD.**, a Canadian corporation having its principal place of business at 55 Furniture Park, Winnipeg, Manitoba R2G 1B9 (the "Company").

Recitals:

The Company desires to obtain loans and other financial accommodations from certain financial institutions (together with their successors and assigns, the "Lenders") that are parties from time to time to that certain Loan and Security Agreement dated as of October 27, 2005 (as from time to time amended, restated, supplemented or otherwise modified, the "Loan Agreement") by and among the Company, Agent, Lenders, and certain other parties designated as "Guarantors" thereunder.

Lenders are willing to make loans and other financial accommodations to the Company from time to time pursuant to the terms of the Loan Agreement, provided that the Company executes this Agreement.

NOW, THEREFORE, for Ten Dollars ($10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company hereby agrees with Agent as follows:

1. Capitalized terms used herein (including those used in the Recitals hereto), unless otherwise defined, shall have the meanings ascribed to them in the Loan Agreement. As used herein, the term "Full Payment" shall mean full and final payment of the Obligations and termination of the Commitments; and the term "UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of Georgia.

2. To secure the prompt payment and performance of all of the Obligations, the Company hereby grants, assigns and pledges to Agent, for the benefit of itself and Lenders (collectively, the "Secured Parties"), a continuing security interest in and Lien upon all of the following property of the Company, whether now existing or hereafter created or acquired (collectively, the "Trademark Collateral"):

(a) all trademarks, trademark registrations, trade names and trademark applications, including, without limitation, the trademarks and applications listed on Exhibit A attached hereto and made a part hereof (as the same may be amended from time to time), and (i) all renewals thereof, (ii) all income, royalties, damages and payments now or hereafter due or payable with respect thereto, including, without

limitation, damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, trade names and applications, together with the items described in clauses (i)-(iv), are hereinafter collectively referred to as the "Trademarks");

(b) the goodwill of the Company's business connected with and symbolized by the Trademarks; and

(c) all proceeds of the foregoing.

3. The Company represents and warrants to Secured Parties that:

(a) Each of the Trademarks is currently in force;

(b) Upon filing of this Agreement in the United States Patent and Trademark Office, this Agreement will create a legal, valid and perfected Lien upon and security interest in the Trademark Collateral that is registered in that office and that is listed on Exhibit A attached hereto, enforceable against Company and all third Persons in accordance with its terms;

(c) No claim has been made that the use of any of the Trademarks does or may violate the rights of any Person;

(d) The Company has the unqualified right to enter into this Agreement and perform its terms;

(e) Each of the Trademarks is valid and enforceable; and

(f) The Company is the sole and exclusive owner of the entire right, title and interest in and to all of the Trademark Collateral, free and clear of any Liens (except licenses permitted pursuant to paragraph 6 below), including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by the Company not to sue third Persons, except Permitted Liens.

4. The Company covenants and agrees with Secured Parties that:

(a) The Company will use commercially reasonable efforts to maintain the quality of the products associated with the Trademarks at a level consistent with the quality at the time of this Agreement, and will, upon Agent's request, provide Agent on a quarterly basis with a certificate to that effect in the form attached hereto as Exhibit B executed by an officer of the Company;

(b) The Company will not change the quality of the products associated with the Trademarks without Agent's prior written consent at any time that an Event of Default exists and, at any other time, except as may be commercially reasonable; and

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(c) Except for Trademarks abandoned by the Company in the ordinary course of business (provided such abandonment could not be reasonably expected to have a Material Adverse Effect), until Full Payment of the Obligations, the Company will continue to pay all required maintenance fees necessary, and will use proper statutory notice in connection with its use of the registered Trademarks, including, without limitation, filing an affidavit of use with the United States Patent and Trademark Office and any applicable foreign filing office for each registered Trademark as required by applicable law, to maintain the registration thereof without loss of protection therefor.

(d) The Company will, until Full Payment of the Obligations, take reasonable steps and make reasonable efforts to prosecute any pending trademark application comprising part of the Trademarks, but only to the extent the Company considers in its sole discretion, it is commercially reasonable to do so and such trademark application is not necessary or material to the conduct of the Company's business. For greater certainty, the Company may cease pursuing the prosecution of any pending trademark application where the Company considers in its sole discretion, it is commercially reasonable to do so and such trademark application is not necessary or material to the conduct of the Company's business. Without limiting the foregoing, the Company is not required to continue to pursue trademark applications which have been rejected by an examiner.

5. The Company hereby grants to Agent, and its employees and agents (and any Lender or Lenders and their respective employees and agents), the visitation, audit, and inspection rights with respect to Company and the Collateral as set forth in the Loan Agreement.

6. Until Full Payment of the Obligations, the Company shall not enter into any license agreement relating to any of the Trademarks with any Person except non-exclusive licenses to Persons that are not Affiliates of the Company on terms that provide for reasonable and customary compensation. The Company may enter into non-exclusive license agreements relating to any of the Trademarks with any Guarantor or Subsidiary on terms that the Company, in its sole discretion, considers commercially reasonable. The Company shall not become a party to any agreement with any Person that is inconsistent with the Company's obligations under this Agreement.

7. If, after the date of execution of this Agreement and before Full Payment of the Obligations, the Company shall obtain rights to any new trademarks, or become entitled to the benefit of any trademark application or trademark (which is subject to an application or registration) or any renewal of any Trademark, the provisions of paragraph 2 hereof shall automatically apply thereto (except to the extent any legally enforceable terms under which the Company obtains such rights or benefits prohibit the Company's granting a security interest in such trademark or trademark application), and the Company shall give to Agent prompt notice in writing of the Company's obtaining any such rights or benefits (regardless of whether the provisions of paragraph 2 hereof shall apply thereto).

8. The Company irrevocably authorizes and empowers Agent to modify this Agreement by amending Exhibit A to include any future trademarks and trademark applications under paragraph 2 or paragraph 7 hereof.

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9. At any time that an Event of Default exists, Agent shall have, in addition to all other rights and remedies given it by this Agreement and the other Loan Documents, all rights and remedies of a secured party under the UCC and all other rights and remedies under any other applicable law.

10. The Company hereby makes, constitutes and appoints Agent and any officer or agent of Agent as Agent may select, as the Company's true and lawful attorney-in-fact, with full power to do any or all of the following if an Event of Default shall exist: to endorse the Company's name on all applications, documents, papers and instruments necessary for Agent to continue the registration of or to use the Trademarks, or to grant or issue any exclusive or nonexclusive license under the Trademarks to any other Person, or to assign, pledge, convey or otherwise transfer title in or dispose of any Trademark Collateral to any other Person. The Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable until Full Payment of the Obligations.

11. Any and all reasonable fees, costs and expenses, of whatever kind or nature (including, without limitation, reasonable attorneys' fees and legal expenses) incurred by Agent in connection with the preparation of this Agreement and any other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including, without limitation, all taxes in connection therewith) with the United States Patent and Trademark Office or in any other public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, Liens or otherwise protecting, maintaining, or the preservation of the Trademark Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademark Collateral, shall be borne and paid by the Company (it being the intent of the Company and Agent that the Company shall be responsible for the payment of all sums, fees, costs and expenses, including, without limitation, all renewal fees with respect to the Trademarks) or, if paid by Agent in its sole discretion, shall be reimbursed by the Company **on demand** by Agent and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the per annum interest rate then applicable for Base Rate Revolving Loans.

12. The Company shall use its commercially reasonable efforts to detect any infringers of the Trademarks, to the extent necessary required by applicable law to avoid loss of protection therefor, and shall notify Agent in writing of material infringements detected. The Company shall, during the existence of an Event of Default, promptly upon Agent's request, make federal application on registrable but unregistered Trademarks, file and prosecute opposition and cancellation proceedings, file and prosecute lawsuits to enforce the Trademarks and do any and all acts which are deemed necessary or desirable by Agent to preserve and maintain all rights in the Trademarks. Any expenses incurred in connection with such applications or proceedings shall be borne by the Company.

13. Notwithstanding anything to the contrary contained in paragraph 12 hereof, at any time that an Event of Default exists, Agent shall have the right, but shall in no way be obligated, to bring suit instead in its own name to enforce the Trademarks and any license hereunder, or to defend any suit or counterclaim in its own name to protect the Trademarks or any license hereunder, in either of which events the Company shall at the request of Agent do any and all lawful acts (including bringing suit) and execute any and all proper documents required by Agent

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to aid such enforcement, or defense, and the Company shall promptly, **upon demand,** reimburse and indemnify Agent for all reasonable costs and expenses incurred in the exercise of Agent's rights under this paragraph 13.

14. If the Company fails to comply with any of its obligations hereunder and at the time of such failure or as a result thereof an Event of Default exists, then to the extent permitted by applicable law, Agent may discharge such obligations in the Company's name or in Agent's name, in Agent's sole discretion, but at the Company's expense, and the Company agrees to reimburse Agent in full for all expenses, including, without limitation, reasonable attorneys' fees, incurred by Agent in prosecuting, defending or maintaining the Trademarks or Agent's interest therein pursuant to this Agreement.

15. No course of dealing between the Company and Agent or any Lender, nor any failure to exercise, nor any delay in exercising, on the part of Agent or any Lender, any right, power or privilege hereunder or under any of the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16. All notices, requests or demands to or upon a party hereto shall be in writing and shall be sent in the manner specified in the Loan Agreement.

17. All of Agent's rights and remedies with respect to the Trademark Collateral, whether established hereby or by any of the other Loan Documents, or by any other agreements or by applicable law shall be cumulative and may be exercised singularly or concurrently.

18. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

19. This Agreement, together with the other Loan Documents, constitutes and expresses the entire understanding of the parties hereto with respect to the subject matter hereof, and supercedes all prior agreements and understandings, inducements or conditions, whether expressed or implied, oral or written. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 8 hereof.

20. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each Secured Party and upon the successors and permitted assigns of the Company. The Company shall not assign its rights or delegate its duties hereunder without the prior written consent of Agent.

21. The Company hereby waives notice of Agent's acceptance hereof.

22. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Georgia.

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23. **To the fullest extent permitted by applicable law, the Company and Agent each waives the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Agreement or the Trademark Collateral.**

WITNESS the execution hereof under seal as of the day and year first above written.

PALLISER FURNITURE LTD.
("Company")

Witness

By: Reginald Kliewer
Title: Senior Vice President/ Secretary

Accepted:

BANK OF AMERICA, N.A.
(acting through its Canada branch), as Agent

By: _____
Title: _____

[Signature page to Trademark Security Agreement]

TRADEMARK
REEL: 003247 FRAME: 0610

23. **To the fullest extent permitted by applicable law, the Company and Agent each waives the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Agreement or the Trademark Collateral.**

WITNESS the execution hereof under seal as of the day and year first above written.

PALLISER FURNITURE LTD.
("Company")

By: _____
Title: _____

Accepted:

BANK OF AMERICA, N.A.
(acting through its Canada branch),
as Agent

By: _____
Title: L. M. Junior Del Brocco
Senior Vice President

[Signature page to Trademark Security Agreement]

TRADEMARK
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MANITOBA §
§
WINNIPEG §

BEFORE ME, the undersigned authority, on this day personally appeared Reginald Kliewer, the Senior Vice President/Secretary of **Palliser Furniture Ltd.**, to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 21st day of ~~November~~ October, 2005.

A Notary Public in and for the Province of Manitoba.

[NOTARIAL SEAL]

STATE OF GEORGIA §
§
COUNTY OF FULTON §

BEFORE ME, the undersigned authority, on this day personally appeared _____, _____ of **Bank of America, N.A.**, as Agent, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this ___ day of November, 2005.

Notary Public
My Commission Expires:

[NOTARIAL SEAL]

TRADEMARK
REEL: 003247 FRAME: 0612

MANITOBA §
§
WINNIPEG §

BEFORE ME, the undersigned authority, on this day personally appeared _____ _____, the _____ of **Palliser Furniture Ltd.**, to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this ___ day of November, 2005.

_____
Notary Public
My Commission Expires:

[NOTARIAL SEAL]

PROVINCE OF ONTARIO
~~STATE OF GEORGIA~~ §
CITY OF TORONTO §
~~COUNTY OF FULTON~~ §

BEFORE ME, the undersigned authority, on this day personally appeared L.M. JUNIOR DEL BROCCO, SENIOR VICE PRESIDENT of **Bank of America, N.A.**, as Agent, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this ___ day of November, 2005.

_____
Notary Public
My Commission Expires:

[NOTARIAL SEAL]

TRADEMARK
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EXHIBIT A

Trademarks

Registered Owner	Trademark	Registration Number	Registration Date
Palliser Furniture Ltd.	Good Friends	2,526,406	01/08/2002
Palliser Furniture Ltd.	Great Rooms by Palliser	2,185,682	09/01/1998
Palliser Furniture Ltd.	Horizons by Palliser	2,908,872	12/07/2004
Palliser Furniture Ltd.	Kiira Designs	2,212,033	12/22/1998
Palliser Furniture Ltd.	P Design	1,235,731	04/26/1983
Palliser Furniture Ltd.	Palliseal	1,623,690	11/20/1990
Palliser Furniture Ltd.	Palliser Design	1,235,732	04/26/1983
Palliser Furniture Ltd.	WWWORK.SITE	2,436,124	03/20/2001

Trademark Owner	Trademark	Serial Number	Filing Date
Palliser Furniture Ltd.	EQ3	76/497 393	March 14, 2003

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EXHIBIT B

CERTIFICATE

The undersigned officer of PALLISER FURNITURE LTD. (the "Company") DOES HEREBY CERTIFY to Bank of America, N.A. ("Agent"), as agent for itself and certain other financial institutions ("Lenders") that are parties from time to time to the Loan Security Agreement dated as of November __, 2005, among Agent, Lenders, the Company and certain entities designated as "Guarantors" that the quality of the products associated with the Trademarks listed on Exhibit A of the Trademark Security Agreement dated November __, 2005, between the Company and Agent (as amended from time to time to include future trademarks and trademark applications, the "Agreement"), has been maintained at a level consistent with the quality of such products at the time of the execution of the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, this __ day of _____, 20___.

PALLISER FURNITURE LTD.

By: Reginald Kliewer
Title: Senior Vice President, Finance/ Secretary

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